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# Falls Church City EDA 2006 Report to City Council

*Economic Development Status and Trends in the City of Falls Church  
September 2006*



# Status and Trends

- EDA Roles and Responsibilities
- Financial Impacts of Redevelopment
- Big Picture and Retail Study Policy Implications
- EDA 2006/7 Work Plan



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# EDA Roles and Responsibilities



# The Falls Church City EDA

- Chartered by the State of Virginia in 1995
- Promotes City Economic Objectives to
  - Turn the tide of development neglect
  - Improve the commercial tax base
  - Protect education, health, welfare, environment and the City's community character
- Administers Specific Authorities/Responsibilities
  - Issues Industrial Revenue Bonds – *FC Housing Corporation, Tax Analysts*
  - Can Land bank – *Podolnick site*
  - Generates revenues – *Bond fees and rents*
  - Funds programs – *First Friday, Restaurant Guide, FC Chamber Business Expo*
  - Issues contracts – *Big Picture Study, Retail Compass*
  - Can assume other authority roles
- Public Outreach
  - Developers forum
  - Public involvement and education sessions
  - Editorials



# Twenty Five Year Economic Development History

- 1980: Formed Industrial Development Authority (IDA) to issue IRBs
- 1984: IDA issued an IRB to Kaiser
- 1985 – 1997: Hyatt Palma Action Agendas, David Holmes Illustrative Opportunities, Hyatt Palma South Washington Street Corridor Strategy Studies, Planning Department South Washington Street Revitalization Planning Strategy, StreetWorks Vision
- 1995: Formed EDA supported by EDA professional staff
- 1998: IDA buys options on Anderson and Adcom site warming the message to developers
- 1999: Sold Whittier school property for residential development
- 2003: EDA professional staff moved to City Manager's office
- 2000 – Present: Broadway, Spectrum, Reed Building, Byron, Pearson Square





## **Targeted Site Development**

1. City Center
2. N&S Washington Sts
3. West End
4. Broad Street Central

## **Business Retention**

Low Vacancy Rates/Competitive Rents  
Retention/Expansion

## **Programs and Services**

### ***Improve Competitive Advantage Through***

Rehab Abatement, Tech Zone, Marketing Materials, PR and Ad Programs,

### ***Focus on Business Assistance such as***

Outreach Programs/Ombudsman Activities, Building Improvement Assistance

### ***Conduct Ad hoc Activities Including***

Information Systems, Website, Issues and Research., Grant Applications



# Market Demand Drives Business Decisions

Redevelopment has to make economic sense to business

- **We can breakdown barriers:** *Facilitate, mediate, entice, represent, introduce, support, explain, incentivize, research, market, collaborate, negotiate*
- **We can't:** *Force, act for, break ground, prevent*

*If it doesn't make money, it probably won't be built*



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# Financial Impacts of Redevelopment

*Important Data, Factors and Comparisons*



# LAND USE FISCAL IMPACT MODEL

## COMPARITIVE RELATIONSHIPS

Based on 2002 Data

Development Types	Net RE Revenues Per/Acre	Net RE Revenue Ranges	
		Low	High
<b>HOTEL</b>	<b>\$328,000</b>	<b>\$246,000</b>	<b>\$360,800</b>
<b>BROADWAY (Mixed Use)</b>	<b>\$235,000</b>	<b>\$199,750</b>	<b>\$270,250</b>
<b>MEDICAL</b>	<b>\$210,000</b>	<b>\$157,500</b>	<b>\$231,000</b>
<b>OFFICE</b>	<b>\$204,000</b>	<b>\$183,600</b>	<b>\$224,400</b>
<b>RES. CONDOS</b>	<b>\$157,000</b>	<b>\$141,300</b>	<b>\$188,400</b>
<b>AGE RESTRICT RESIDENTIAL</b>	<b>\$138,000</b>	<b>\$124,200</b>	<b>\$158,700</b>
<b>RETAIL</b>	<b>\$82,000</b>	<b>\$53,300</b>	<b>\$110,700</b>



# Site Financial Comparison

<b>Project</b>	<b>Acres</b>	<b>Ass/sq -ft</b>	<b>Assess/ acre</b>	<b>RE Taxes</b>	<b>Taxes/ acre</b>
<b>Broadway project (80 units)</b>	1.58	\$850	\$37.01M	\$590,648	\$373,828
<b>Towne Place Suites (127)</b>	2.00	\$234	\$10.27	\$205,327	\$102,664
<b>George Mason Square</b>	2.68	\$156	\$6.80	\$184,153	\$68,714
<b>Merrill House (159 units)</b>	3.78	\$118	\$5.14	\$196,096	\$51,877
<b>Oakwood Apts. (576 units)</b>	12.14	\$117	\$5.09	\$624,704	\$51,458
<b>Roosevelt Towers (190 units)</b>	5.15	\$107	\$4.68	\$243,431	\$47,268
<b>Federal Realty</b>	9.49	\$105	\$4.58	\$439,047	\$46,264
<b>Papa John's (by-right)</b>	0.21	\$91	\$4.06	\$8,616	\$41,029
<b>Eckerd's Drug (by right)</b>	1.48	\$90	\$3.91	\$58,544	\$39,557
<b>West Falls Retail</b>	1.93	\$87	\$3.78	\$73,733	\$38,204
<b>Eden Center</b>	15.32	\$73	\$3.17	\$492,859	\$32,171
<b>Koons</b>	11.04	\$61	\$2.68	\$298,438	\$27,032
<b>Detached homes (5 plots)</b>	1.37	\$56	\$2.43	\$33,666	\$24,574
<b>Noland (by right)</b>	8.30	\$52	\$2.30	\$192,430	\$23,184



# Factors that Drive Net RE Tax Revenues From Development

- **Project Value** - *Assessed value per square foot*
- **Density** - *Number of units, square foot of development per site acre, etc*
- **Parking** – *Controls the size of the building footprint*
- **Site Area** – *A Larger Site Generates More Taxes Than a Smaller One For The Same Type of Project*
- **Community Costs** - *City and School Services*
- **Esthetics** - *Fits City Concepts*



## Projects and Proposals: Broadway, Byron, Spectrum, Pearson Sq, Read Building, Gateway

- Total Area: 14.76 acres (12.17 approved) and 10% of commercial corridor
- Assessed Value: \$470 million (\$343M approved)
- Tax Revenues: \$3 million (\$2.4M approved)
- Residential
  - Total Units: 787 units
  - Detached House Equivalence: 196 acres
  - Site Density Ratio: 13 to 1
- Office: 133,000 sq ft (11% increase)
- Retail: 95,910 sq ft (18% increase)



# Economic Development Alternatives

- **Apartments** – *Structures are valued differently than Condos*
- **Offices** – *Strong net revenue generators but parking requirements limit building size and reduce density*
- **Mixed Use** – *Balance between value and density if condos are high end*
- **Shopping Centers** – *Sites are low density to accommodate parking*





# Convergence of Goals

- **Values** - *Maintaining standards of excellence*
- **Schools** - *Unwavering commitment to excellence*
- **Affordable Housing** - *Ensuring a place for all citizens*
- **City Services** - *Maintaining our quality of life*
- **Village Environment** – *Realizing the vision*



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# Big Picture and Retail Study Policy Implications



# Big Picture Study

## Key Points (Stephen Fuller)

- Strong Housing Market: *Due to commuting costs & continued jobs growth, but it can get overbought temporarily then lower prices spark a rebound*
- Housing Options: *Creating a variety of housing options reduces City and developer risks*
- Office Products: *Attract smaller firms seeking an urban environment*
- Location, Location: Government moving west and Tyson's expansion favor Falls Church

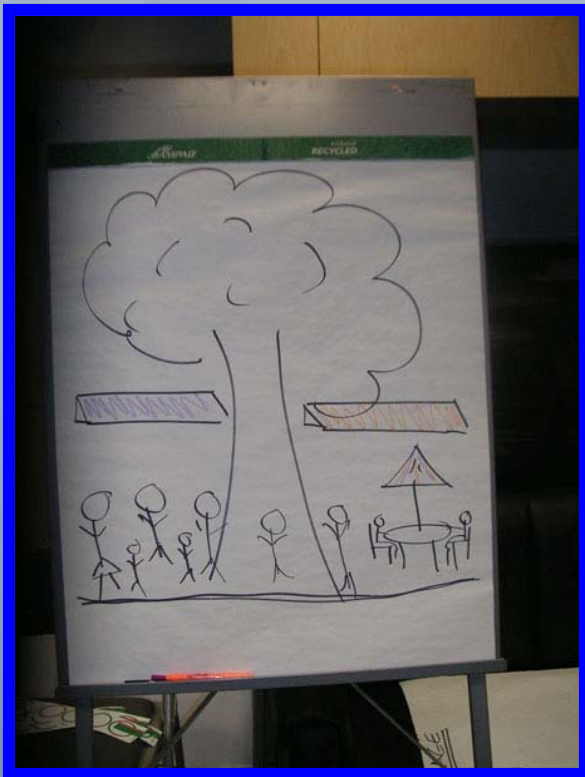


# Retail Study Key Points

(Heather Arnold)

- Retail Concept: *Reinforce retail districts and avoid dispersion*
- Restaurants: *City still underserved*
- Total Capacity: *Upgrade retail quality rather than increase total retail space*
- Retail Branding: *Lacking a concept and marketing strategy*

# Retail Marketing Efforts



**BEFORE**

**Branding Session**

**Result**

- ➡ **Historic**
- ➡ **Welcoming**
- ➡ **Entertaining**
- ➡ **Creative**
- ➡ **Home town**



**AFTER**





# Additional Retail Activities

- Retail Brochure
- Retail Data Base of Space
- 67 Specific retailers identified
- EDO staff contact with targeted retailers, brokers and property owners
- Continue work with developers of new space under construction
- Continue to enhance business-related info on City web site



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# EDA 2006/7 Work Plan



# 2006/7 Redevelopment Work Plan

- Continuing Redevelopment Progress
- Facilitating Infill Redevelopment
- Emerging Emphasis on the Gateways to Falls Church City
- Promoting Public Education, Involvement and Communication
- Connecting with Neighboring EDAs



# EDA Board Member Responsibilities

EDA Program	Member	Responsibility
<i>Policy and Communication</i>	Ed Saltzberg	Set the EDA agenda
<i>Strategies</i>	AC Miller	Drive the intellectual thinking to keep the EDA at the forefront of City economic development
<i>Project Liaison</i>	Warren Cohen	Represent the EDA with current and prospective developers
<i>Business Marketing</i>	Bob Butchko	Execute a business attraction and retention program
<i>Procedures</i>	Barry Buschow	Establish and maintain EDA processes
<i>Ombudsman</i>	Bruce Swenson	Field and address citizen/business concerns and suggestions



# Staff Credentials

## **Rick Goff, Economic Development Director (since 2003)**

- 29 years in municipal government in Falls Church and the Michigan cities of Kalamazoo, Jackson and Ann Arbor. Director level positions held since 1989.
- Extensive background in community development, downtown development, economic development, Brownfields redevelopment, tax increment financing, small business assistance and staffing of citizen advisory boards.
- A.B., MSW and MBA degrees from University of Michigan.

## **Becky Witsman, Business Development Manager (since 2005)**

- 18 years experience with Southeast Fairfax Development Corporation, a non-profit agency focused on revitalizing and redeveloping the 7.5 miles of Route 1 between the Capital Beltway and Fort Belvoir. Executive Director for 11 years.
- 9 years experience on Capitol Hill on the staff of a U.S. Representative; assigned to legislative issues.
- Graduate of Auburn University and Leadership Fairfax, Class of 2000.

## **Lovey Testa, Senior Administrative Assistant (since 2006)**

- 8 years experience in administrative and analytical work at U.S. Embassy and Embassy of Mexico in Manila, Philippines.
- Human resources clerical experience with City of Falls Church and legal secretary with Patton Boggs, LLP in Washington, D.C.
- B.A. from De La Salle University in Manila





# Additional Research and Projects

- Map of the Future
  - Retail districts
  - Development criteria for N&S Washington, Broad Street Central, West End, City Center
- Marketing & Branding
- Transportation Strategy
- Parking Strategy
- Public Benefit Strategy
- EDA Revenue Generation
- Public Communication Program
- Research Studies



# Looking Ahead

- Economic Development and Fiscal Requirements Converge
- Strong Development Projects Enable Community Goals
- Make some bold moves